

REPORT

Item No: 19

SUBJECT:	Internal Audit Plan 2021/2022
TO:	Performance, Finance and Audit Committee
Lead Officer for Report:	Chief Officer
Author(s) of Report	Audit and Risk Manager (North Lanarkshire Council) and Chief Internal Auditor (NHS Lanarkshire)
DATE:	25 May 2021

1. PURPOSE OF REPORT

1.1 This paper is coming to the Performance, Finance and Audit (PFA) Committee:

For approval	<input checked="" type="checkbox"/>	For endorsement	<input type="checkbox"/>	For noting	<input type="checkbox"/>
--------------	-------------------------------------	-----------------	--------------------------	------------	--------------------------

1.2 This report seeks the approval of the PFA Committee for the North Lanarkshire Integration Joint Board Internal Audit Plan 2021/2022.

2. ROUTE TO THE PERFORMANCE, FINANCE AND AUDIT COMMITTEE

2.1 This paper has been:

Prepared By; Audit and Risk Manager (North Lanarkshire Council) and Chief Internal Auditor (NHS Lanarkshire)	Reviewed By; Chief Financial Officer	Endorsed By; Chief Officer
--	---	-------------------------------

3. RECOMMENDATIONS

3.1 The PFA Committee is asked to agree the following recommendations:

- (1) Approve the proposed Internal Audit Plan for 2021/2022 attached as an appendix;
- (2) Approve the recommendation by the Chief Financial Officer that the joint working arrangements between the North Lanarkshire Council (NLC) and NHS Lanarkshire (NHSL) Internal Audit teams continue in order to deliver the IJB Internal Audit Service; and
- (3) Approve the delegation of authority to the Chief Financial Officer to agree with the Audit and Risk Manager (NLC) and the Chief Internal Auditor (NHSL) the scope of the audit assignments in the Internal Audit Plan for 2021/2022 including the allocation of responsibilities for completion of assignments.

4. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
-----	--------------------------	----	-------------------------------------	-----	--------------------------

5. BACKGROUND/SUMMARY OF KEY ISSUES

5.1 The Integrated Resource Advisory Group (IRAG) Finance Guidance states that it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements. This will include a review of the adequacy of the arrangements for risk management, governance and control of the delegated resources.

5. BACKGROUND/SUMMARY OF KEY ISSUES (CONT.)

- 5.2 A joint internal audit arrangement is in place for the North Lanarkshire IJB. The internal audit programme of work and the annual Internal Audit Opinion are therefore delivered jointly by the Audit and Risk Manager of North Lanarkshire Council (NLC) and the Chief Internal Auditor of NHS Lanarkshire (NHSL).

6. CONCLUSIONS

- 6.1 The proposed Internal Audit Plan for 2021/2022 is attached as an appendix for approval.
- 6.2 The PFA Committee is asked to delegate authority to the Chief Financial Officer to agree with the Audit and Risk Manager of NLC and the Chief Internal Auditor of NHSL the scope of the audit assignments in the Internal Audit Plan for 2021/2022 including the allocation of responsibilities for the completion of assignments.

7. INTERNAL AUDIT PLAN 2021/2022

- 7.1 The Internal Audit Plan aims to reflect the key objective of the Internal Audit service to deliver a programme of work that informs the annual Internal Audit opinion on the overall adequacy and effectiveness of an organisation's framework of governance, risk management and control arrangements. The Internal Audit Plan also takes account of assurances which will be provided to the IJB based on work performed under the Internal Audit Plans of both NLC and NHSL for 2021/2022. Similar to 2020/2021, it may be necessary to adjust the Internal Audit Plans of the IJB and the partners during 2021/2022 depending on the evolving response to and the ongoing challenges associated with the Covid-19 pandemic.
- 7.2 The proposed Internal Audit Plan for 2021/2022, which totals 60 days, is attached as an appendix for approval. The Chief Officer and Chief Financial Officer have been consulted on the proposed Internal Audit Plan for 2021/2022.
- 7.3 The assessed audit need was based on the strategic risks relevant to the IJB, taking into account the findings of the 2020/2021 internal audit work and also the draft Internal Audit Opinion for 2020/2021 which is currently being finalised by the Audit and Risk Manager for NLC. The proposed Internal Audit Plan for 2021/2022 targets priority issues, seeks to align to the strategic risks, as assessed at the time of writing this report, and reflects the pressures of the ongoing pandemic and the evolving and complex challenges that this presents to service delivery.
- 7.4 Of the 60 days available, 20 days relate to standard audit deliverables namely audit planning, audit management, the provision of the annual internal audit report and the follow-up of previously agreed actions. The Internal Audit Annual Report for 2021/2022 will be issued by 30 April 2022 to ensure compliance with the Local Authority Accounts (Scotland) Regulations 2014 and also the guidance issued by the IRAG in respect of Internal Audit arrangements.
- 7.5 It is proposed to continue the review of the adequacy and effectiveness of the IJB's arrangements to respond to the Covid-19 pandemic with a particular focus on the recovery and remobilisation process in place across health and social care services. It is intended that the outcome of the internal audit will contribute to the lessons learned during the pandemic and inform future models of service delivery during the recovery period and post-pandemic.
- 7.6 A value for money audit assignment in respect of the provision of equipment and adaptations from the North Lanarkshire Joint Store was scheduled to be undertaken in 2020/2021. The Project Group has been established and met regularly during 2020/2021. Internal Audit supported the Project Group by attending the meetings and providing comment on a range of documentation which will inform future processes. It is intended that this internal audit will continue to be progressed in order to inform future strategic commissioning intentions and to provide evidence to support the achievement of best value across this service. External Audit had previously indicated that an assessment of the arrangements to secure best value will be a priority in 2020/2021. The achievement of best value will continue to be a priority in 2021/2022.

7. INTERNAL AUDIT PLAN 2020/2021 (CONT.)

7.7 It is good practice to provide reports to IJB Members showing the progress in delivering the annual Internal Audit Plan. Progress reports will therefore be presented to the PFA Committee during the year. To facilitate this, management should ensure that Internal Audit have sufficient resources to deliver a realistic Internal Audit Plan. The Internal Audit Plan for 2021/2022 will be delivered from within existing Internal Audit resources as agreed between the Chief Financial Officer and the Audit and Risk Manager (NLC) and Chief Internal Auditor (NHSL).

7.8 The External Auditor highlighted that the internal audit opinion for 2019/2020 which was presented to the IJB on 26 May 2020 was provided by the Audit and Risk Manager of NLC, rather than on a joint basis. As part of the IJB's commitment to continuous improvement, the IJB's Annual Governance Statement for 2019/2020 therefore included an improvement action to review the joint internal audit arrangements for the North Lanarkshire IJB. The outcome of the review is summarised as follows:

- Under his direct supervision, the Chief Internal Auditor (NHSL) identified a dedicated resource within his team to be the nominated auditor to lead on the 2020/2021 IJB internal audit assignments and to ensure their timely completion.
- The Internal Audit Opinion 2020/2021 has been prepared jointly by the Audit and Risk Manager (NLC) and the Chief Internal Auditor (NHSL) and is presented to the PFA Committee on 25 May 2021 for approval.
- The preparation and approval of the IJB Internal Audit Plan earlier in the financial year would ensure that internal audit work could be undertaken earlier in the year. Subject to the approval of the PFA Committee on 25 May 2021, the Internal Audit Plan 2021/2022 can be undertaken earlier in the year.
- In consultation with Internal Audit, the Chief Officer and the Chief Financial Officer will continue to keep up-to-date with national developments in respect of the integration of health and social care and best practice.

7.9 Notwithstanding the impact of the Covid-19 pandemic, continuous improvement actions have been taken in respect of the Internal Audit arrangements. On the basis of the progress made in 2020/2021, the IJB Chief Financial Officer recommends that the joint working arrangements between the NLC and NHSL Internal Audit teams continue in order to deliver the IJB Internal Audit Service.

7.10 The PFA Committee is asked to delegate authority to the Chief Financial Officer to finalise the Internal Audit Plan for 2020/2021, including the scope of the proposed internal audit reviews and the allocation of responsibilities for completion of assignments. The Chief Officer and the Chief Financial Officer will consult with both partners. Every effort will be made to achieve the agreed internal audit objectives, however the PFA Committee is asked to note that the fulfilment of the Internal Audit Plan in 2021/2022 may continue to be impacted by the ongoing Covid-19 pandemic. The PFA Committee will receive progress reports to ensure internal audit resources are directed to best effect.

8. IMPLICATIONS

8.1 NATIONAL OUTCOMES

This relates to all nine national outcomes.

8. IMPLICATIONS (CONT.)

8.2 ASSOCIATED MEASURE(S)

The PFA Committee and both partners are required to ensure effective governance arrangements are in place.

8.3 FINANCIAL

This paper has been reviewed by Finance:

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------	-----	--------------------------

8.4 RISK ASSESSMENT/RISK MANAGEMENT

The management of risk is an integral part of the development of the Internal Audit Plan. The Internal Audit Plan 2021/2022 has also been informed by the draft Internal Audit Opinion 2020/2021 and an assessment of current and ongoing risks.

8.5 PEOPLE

None.

8.6 STAKEHOLDER ENGAGEMENT

The Chief Officer and the Chief Financial Officer have both been consulted in respect of the preparation of the Internal Audit Plan 2021/2022.

8.7 INEQUALITIES & FAIRER SCOTLAND DUTY

EQIA Completed & Fairer Scotland Impact Assessment Form Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
-----	--------------------------	----	--------------------------	-----	-------------------------------------

8.8 CARBON MANAGEMENT IMPLICATIONS

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
-----	--------------------------	----	--------------------------	-----	-------------------------------------

9. BACKGROUND PAPERS

None.

10. APPENDICES

Proposed Internal Audit Plan 2021/2022

Appendix



.....
CHIEF OFFICER (or Depute)

Members seeking further information about any aspect of this report, please contact Ken Adamson on mobile telephone no. 07939 280602 or Tony Gaskin mobile telephone no. 07778 135153.

Ref	Audit	Indicative Scope	Days	Target Committee
NL01-21	Audit Planning	Agreeing audit universe and preparation of strategic plan.	3	June 2021
NL02-21	Audit Management	Liaison with senior management and attendance at Audit Committee.	5	Ongoing
NL03-21	Annual Internal Audit Report	Chief Internal Auditors' annual assurance statement to the IJB and review of governance self-assessment.	7	June 2022
NL05-21	Follow-up of previously agreed actions	Review of progress made by management in implementing those actions committed to in response to previously agreed Internal Audit recommendations.	5	December 2021
NL06-21	Response to Covid-19 Pandemic	Significant event from which lessons should be learned to inform future decisions and management arrangements around resilience issues. This will be a review of the adequacy and effectiveness of the IJB's resilience arrangements and its response to the COVID-19 pandemic. The focus will be on the recovery and remobilisation of services post pandemic.	20	December 2021
NL07-21	Value For Money Audit	In consultation with both partners, the value for money audit assignment will be undertaken to further progress the work of the Project Group established in respect of the provision of equipment and adaptations from the North Lanarkshire Joint Store. This will inform future strategic commissioning intentions and also provide evidence to support the achievement of best value across this service.	20	December 2021
TOTAL			60	